

REDEVELOPMENT AUTHORITY OF THE CITY OF HARRISBURG

Regularly Scheduled Meeting April 16, 2019 - 12:34 P.M.

The Board of the Redevelopment Authority of the City of Harrisburg held a Regularly Scheduled Meeting on April 16, 2019, in Suite 405, Rev. Dr. Martin Luther King, Jr. Government Center, 10 North Second Street, Harrisburg, Pennsylvania, called to order at 12:34 p.m. by Stacia Zewe, Board Chair.

PRESENT:

Stacia Zewe
Nichole Johnson
Daniel Leppo

ABSENT:

Crystal Brown

Also present were: Janell Weaser, Harrisburg Redevelopment Authority (HRA) Administrative Project Manager; Bryan Davis, HRA Executive Director; Jana Benscoler, from PennLive and John Logan, COO of the Hamilton Health Center

MINUTES

The minutes of the Regular Meeting of February 19, 2019 were presented for approval. Mr. Leppo moved to approve; seconded by Ms. Johnson. The motion passed unanimously.

TREASURER'S REPORT

The Treasurer's Report for November, 2018 was presented for approval, subject to audit. Ms. Johnson moved to approve; seconded by Mr. Leppo. The motion passed unanimously. The Treasurer's Report for December, 2018, January and February 2019 were presented for review.

COMMUNICATIONS

Mr. Davis shared with the members that since the 2008 Housing Market collapse, S&A Custom Built Homes, Inc. had not recovered financially. They are unable to complete the project at Market Place Townhomes as they had promised. Mr. Davis reported that seventeen (17) town homes were built; however there are a large number of lots left undeveloped. The Authority has another local development team led by Seven Bridges Property Management and Mr. Ian Wewer who wish to develop this same area. HRA, Seven Bridges Property Management and S&A Custom Built Homes, Inc. (S&A) have come to an agreement whereas, (A) S&A agree to transfer title of four (4) Parcels to The Susquehanna Art Museum (SAM), (B) the Authority will take back title of sixty (60) parcels from S&A and re-vest them to Seven Bridges Property Management; the new Potential Developer. Two (2) Agreements of Sale have been executed; one is between S&A and Seven Bridges and the second is with S&A and SAM. Seven Bridges will pay S&A \$130,000. At this closing S&A will pay HRA the just compensation of \$19,500 from the original agreement of \$325 per lot promised ten (10) years ago.

Mr. Davis went on to say that today he is presenting to the members Resolution Number 4-2019, asking their approval for the Authority to conduct Re-vestment of Title from S&A to HRA, and allow SAM to acquire four (4) parcels from S&A as well as approve Seven Bridges Property Management to be Designated Potential Developer on the condition they provide within six (6) months to HRA a final Land Development Plan that includes proof they have the financing and ability to rebuild on the sixty (60) lots.

Ms. Zewe mentioned that she heard that SAM is acquiring some properties from S&A for parking. She inquired if this would happen before the six (6) months submission time. Mr. Davis replied that he failed to mention that detail earlier.

Mr. Leppo inquired if Seven Bridges intends to continue the plans with it being Residential. Mr. Davis said currently the proposal is to construct what is already on the filed plans. Mr. Davis informed that he spoke with Mr. Wewer earlier this morning. He extends his apologies to the Board for not being present today and wishes everyone to know how very committed they are to the Project. From the conversations they had, Mr. Davis

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believes that Seven Bridges will soon have a plan put together that itemizes what they wish to do at each location. Mr. Davis explained that homeownership is not as achievable as it was ten to fifteen years ago. Plus the vision of the growth around the new Federal Court House is driving a lot of conversation about mixed use of first floor commercial or retail with apartments above them. There is the possibility of a mixed use concept with a few buildings being multifamily and some that are commercial having two to three housing units above them. Mr. Davis added that it all depends on the approval from the City and the current homeowners in this development agreeing to sign off on any changes.

Ms. Zewe inquired what happens after the six (6) months if Seven Bridges say they cannot make it work. And she wishes to know during the six (6) months do we maintain those properties. Mr. Davis replied that the agreement states for Seven Bridges to maintain the properties. He also informed that every Redevelopment Agreement has a clause stating should a Developer fail to deliver what they promise that the Authority will take back title to all the Land that was not developed.

Mr. Davis highlighted on another area; the Harrisburg Housing Authority is nearing 100% completion with all the new units located on Mulberry and Derry Streets. They have been leasing up both of the large buildings on the south side of the street. On the north side they are currently working on four (4) to five (5) units.

Mr. Davis informed the members of a serious elevator failure at the Harrisburg Transportation Center. This elevator is the only one that services the tenants and patrons for the bus area to access the lobby, second and third floors. The Authority immediately contacted Kone, Inc., its vendor who maintains the elevator. Their first repair bid had a cost of \$47,000. We went out in the field and had a look at the elevator. The problem was in the control panel. The motherboard and control boards failed. Kone, Inc. had taken them to their shop to analyze the problem. The boards were brittle due to excessive heat. Mr. Davis explained that the company who originally manufactured these parts no longer manufactures these parts. Kone, Inc. first cost proposal was estimated at installing remanufactured parts. After a week of working with Kone and their engineers, they said they have an alternative solution. They found stored components that can be assembled to create the same panel. Kone, Inc. second cost bid is just under \$20,000. Mr. Davis informed that due to the urgency HRA accepted the Bid today. He asked the Board Members to affirm the contract stated in Resolution 7-2019.

Ms. Zewe asked if there have been any inquiries for leasing at the Harrisburg Transportation Center. Mr. Davis said nothing significant. Mr. Gladstone just launched a marketing campaign about a month ago. HRA is promoting half-price rent for the first year on a three or five year deal. This promotion ends October 31, 2019.

Mr. Davis updated the members on the status of the Hamilton Health Center (HHC) Project. The Authority had finalized all the documents for the Third-Party Agreement that addressed the cost and the flow of funds which involved HHC and the Contractor assigned to do the work. Hershey Excavating Company was awarded the competitive bid. Mr. Davis explained that when the Authority prepared to finalize the paperwork with the Commonwealth, DCED informed them that there is a new flag due to an old Pennsylvania Infrastructure Bank loan, from back in 2000 with PennDot for Phase two of construction at the Harrisburg Transportation Center. Mr. Davis pointed out that this is the same loan that PennDot repeatedly said not to worry about and how he asked them several times to please help us to either erase this or convert it into a grant. The flag is now impeding us from moving forward with the Grant from DCED. Mr. Davis said he called the Office of the Comptroller about this flag. They said the Authority has to talk with PennDot. PennDot is immobile right now to make any kind of waiver to help Hamilton Health Center move forward so our partners John Logan with HHC and our friends at CREDC came up with a Plan B that will remove the barriers and allow the project to move forward. Mr. Davis said the solution is on the agenda today with Resolution 5-2019 where the Authority is requesting the Boards' approval to change Designated Developer status in Resolution 19-2014 and 10-2018, the Hamilton Health Center Community Services, Inc. to new designated Developer, Capital Region Economic Development Corporation (CREDC). Mr.

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Davis explained that instead of selling to HHC when the work has been completed, we can sell the land now to CREDC. CREDC will be able to have the grant money from DCED of the \$911,000 ISRP because they will be the Land Owner otherwise the funds would be a loan instead of a grant. HRA needs to terminate the agreement with HHC and have a new agreement with CREDC. The terms will remain the same. Mr. Davis included Mr. Logan's letter. It is attached with the Resolution.

Mr. Logan pointed out that there is a directive from our Governor that was released a few months ago. It says they will not release any monies to outstanding projects. He informed the board members that HHC currently has a post-dated sales agreement with CREDC for \$1.00 that contains the same agreement they originally had with the Authority whereas, HHC promises to put forth the money to CREDC and then CREDC will pay the Redevelopment Authority. HHC will pay the closing costs and any necessary legal fees. This will allow the Office of Comptroller to release the funds and allow the project to move forward. Mr. Logan informed that the AIA documents which are the bid documents that Mr. Davis handled need to be transitioned over to CREDC along with PA DCED's approval which is based on today's meeting and then CREDC's meeting this coming Thursday, April 18th. The Attorneys will have to re-write some documents by changing names, but there will be no substantive initiative changes with the Redevelopment Agreement.

Ms. Zewe inquired if there are any negatives for the Redevelopment Authority doing this.

Mr. Davis replied, no. Mr. Logan stated there is another benefit; the Authority will actually receive \$115,000 sooner than later. The Redevelopment Authority will still have a Three-Party Agreement. He added that HRA did Phase One and Two. And Harrisburg still has a project for South Allison Hill.

Mr. Davis said that this will also relieve HRA staff from the work load of processing the invoicing to DCED.

Ms. Zewe inquired, will this continue to affect other Redevelopment projects? Mr. Davis responded saying there is a real possibility. He added, Mr. Magdole (HRA Solicitor) and I have discussed how we are going to approach PennDot. We have a strong partnership with PennDot. We plan to have a serious sit down talk. That money was replacing funds from Amtrak reneging on their pledge which is in writing for \$650,000 to that phase of construction and now it is affecting the Authority. Mr. Davis reported that the balance on the PIB loan is roughly \$185,000. PennDot has the ability to convert it into a grant.

Ms. Zewe asked Mr. Logan if this held up HHC in any way or are you still on schedule.

Mr. Logan replied that he does need to apologize to certain people because when HRA could not get this done by March 27, that following Monday, April first, the project was to start with the heavy equipment and other things to replace the survey lines. HHC had to tell the Contractors and Subcontractors to stop and that things are on hold. Mr. Logan is hoping to restart the project this June. Mr. Logan also mentioned that there was a delay last year due to weather issues. They could not dig out eighteen hundred truck loads of soaked dirt. He said that the Contractor had agreed to hold the same price until June 30th. If we cannot start by June 30th then we will have to go for a rebid.

PUBLIC COMMENT:

None

OLD BUSINESS

None

NEW BUSINESS

RESOLUTION NO. 4-2019, authorizing the Authority to approve (A) the transfer of four parcels from S&A Custom Built Homes, Inc. to the Susquehanna Art Museum and (B) all documents necessary for the Revesting of the Title of 60 parcels from S&A Custom Built Homes, Inc. to the Authority and designate Seven Bridges Property Management as the *Potential Developer* of those parcels. Mr. Leppo moved to approve; seconded by Ms. Johnson. The motion passed unanimously.

RESOLUTION NO. 5-2019, authorizing the Authority to approve a change of *Designated Developer* status in Resolution 19-2014 and 10-2018, the Hamilton Health Center Community Services, Inc. to new designated Developer, Capital Region Economic Development Corporation. All Conditions of both Resolutions will remain in full force subject to conditions. Mr. Leppo moved to approve; seconded by Ms. Johnson. The motion passed unanimously.

RESOLUTION NO. 6-2019, authorizing the Authority to designate TLC Work-Based Training Program, Inc. the *Potential Developer* of 430 Kelker Street. Ms. Johnson moved to approve; seconded by Mr. Leppo. The motion passed unanimously.

Mr. Davis explained to the Board Members that TLC Work –Based Training Program, Inc. was awarded designated Developer for a project under Resolution 13-2018. The project consists of fifty (50) units new construction of multifamily affordable housing located at Regina, 14th and 15th Streets. TLC is asking the Authority to grant them as potential developer for a single lot; 430 Kelker Street which is adjacent to a property they own. This parcel is located near the Veteran’s Hub in the Uptown area that is also affordable housing. TLC plans to add this lot to the housing project.

RESOLUTION NO. 7-2019, authorizing the Authority to award a Contract to Kone, Inc. for elevator repairs at the Harrisburg Transportation Center. Ms. Johnson moved to approve; seconded by Mr. Leppo. The motion passed unanimously.


OTHER BUSINESS

None

ADJOURNMENT

The meeting adjourned at 1:15 pm.

Respectfully submitted,


Secretary/Assistant Secretary